

Donald Quintin

March 13, 2012

New York, NY

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<p>1 Quintin - March 13, 2012</p> <p>2 A. I do not.</p> <p>3 Q. Do you have any reason to believe that</p> <p>4 you didn't send the e-mail at the top of the page?</p> <p>5 A. I do not.</p> <p>6 Q. Now, there is a reference to -- subject</p> <p>7 is a Jackson IV -- excuse me, Jackson 06-IV-AD.</p> <p>8 Do you have any recollection of what</p> <p>9 that is a reference to?</p> <p>10 A. I believe it's a tranche within the</p> <p>11 Jackson deal.</p> <p>12 Q. Okay. When it says Jackson 06-IV, what</p> <p>13 is that -- what is the numerical reference to which</p> <p>14 you recall?</p> <p>15 A. It typically refers to the year and</p> <p>16 potentially the series in the tranche, the class</p> <p>17 number.</p> <p>18 Q. Was it typical during this time period</p> <p>19 to have more than one series of a specific type of</p> <p>20 CDOs such as the Jackson CDO?</p> <p>21 A. CDOs -- yeah. I mean, CDOs had</p> <p>22 different series, yes.</p> <p>23 Q. And the reference to this A after IV, do</p> <p>24 you have any idea what that refers to?</p> <p>25 A. I think that is a particular Bloomberg</p>	<p>1 Quintin - March 13, 2012</p> <p>2 MR. INFELISE: Yes.</p> <p>3 MR. AUFSES: Objection to form.</p> <p>4 MR. DOOLEY: Same objection,</p> <p>5 mischaracterizes the document.</p> <p>6 A. Could you restate your question.</p> <p>7 Q. All right. Do you have any recollection</p> <p>8 of why it is you described Mr. Prusko's request for</p> <p>9 protection on the Jackson 06-IV as desperate?</p> <p>10 MR. AUFSES: Object to the form. You</p> <p>11 may answer.</p> <p>12 A. I'm not sure of which thing I'm</p> <p>13 claiming -- actually, it says desperate, and I have</p> <p>14 sent it to Carosielli.</p> <p>15 Q. Yes.</p> <p>16 A. I guess I'm not sure -- because I don't</p> <p>17 recall this e-mail, I'm not sure whom I'm referring</p> <p>18 to or what I'm referring to here. I just don't</p> <p>19 remember this e-mail.</p> <p>20 Q. All right. Well, looking at that</p> <p>21 e-mail, do you have any -- sorry. That would call</p> <p>22 for speculation. I don't want you to speculate. All</p> <p>23 right. We'll just leave that.</p> <p>24 Sir, do you recall whether or not during</p> <p>25 this time frame, and again, I'm referring to 2006 to</p>
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<p>1 Quintin - March 13, 2012</p> <p>2 pneumonic connoting whether it's a reg S or 144-A</p> <p>3 issue.</p> <p>4 Q. And how about the D, any idea what that</p> <p>5 is?</p> <p>6 A. That I believe -- that would typically</p> <p>7 stand for a letter representing the tranche in the</p> <p>8 structure.</p> <p>9 Q. Now, do you recall whether or not the</p> <p>10 Jackson 06-IV was a Magnetar CDO?</p> <p>11 MR. AUFSES: Objection.</p> <p>12 MR. DOOLEY: Objection.</p> <p>13 A. Magnetar CDO meaning?</p> <p>14 Q. Similar -- was it a Magnetar CDO in the</p> <p>15 same sense that the constellation CDOs were Magnetar</p> <p>16 CDOs?</p> <p>17 MR. DOOLEY: Objection to the form.</p> <p>18 A. Again, did you mean did Magnetar have</p> <p>19 the same involvement in the deal?</p> <p>20 Q. Yes.</p> <p>21 A. I don't know.</p> <p>22 Q. Do you have any recollection of why</p> <p>23 Mr. Prusko, as you said, was desperate to buy</p> <p>24 protection on the Jackson 06-IV?</p> <p>25 MR. AUFSES: Have you finished?</p>	<p>1 Quintin - March 13, 2012</p> <p>2 2007, was there ever any discussions at the secondary</p> <p>3 trading desk about taking a short position on the CDO</p> <p>4 squareds?</p> <p>5 MR. DOOLEY: Objection to the form,</p> <p>6 vague and ambiguous.</p> <p>7 A. Taking a short position on a CDO</p> <p>8 squared?</p> <p>9 Q. Yes.</p> <p>10 MR. DOOLEY: Same objections.</p> <p>11 A. I don't recall talking about shorting a</p> <p>12 CDO squared. We discussed shorting ABS CDOs. Not</p> <p>13 that I remember.</p> <p>14 Q. Okay. All right, sir. If you would</p> <p>15 look at your transcript of your investigative</p> <p>16 testimony, and I'm going to direct your attention --</p> <p>17 these are minusccripts, so there are four pages on</p> <p>18 each page.</p> <p>19 I'm going to direct your attention to</p> <p>20 page 14 of the transcript itself. It would be the</p> <p>21 fifth page of this. And you can read any portion of</p> <p>22 the transcript you want, but I'm going to</p> <p>23 specifically ask you a few questions about the</p> <p>24 discussions on page 14.</p> <p>25 A. Yes.</p>

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<p>1 Quintin - March 13, 2012</p> <p>2 Q. Have you had a chance to read that?</p> <p>3 A. I have.</p> <p>4 Q. At line 16 through 21, the question was</p> <p>5 and all right. When you said there were discussions</p> <p>6 about doing CDO squareds, were any of those</p> <p>7 discussions focused, did any of those discussions</p> <p>8 involve having the secondary desk take a short</p> <p>9 position in the collateral of the CDO squareds? And</p> <p>10 answer, potentially.</p> <p>11 Do you recall that?</p> <p>12 A. I see it here.</p> <p>13 Q. Okay. Does that refresh your memory</p> <p>14 concerning whether or not there was any discussions</p> <p>15 concerning taking a short position in the CDO</p> <p>16 squareds during this time period?</p> <p>17 MR. AUFSES: Object to the form. You</p> <p>18 may answer.</p> <p>19 MR. DOOLEY: Same objection.</p> <p>20 A. We -- again, this is referring to the</p> <p>21 collateral of a CDO squared.</p> <p>22 Q. Yes.</p> <p>23 A. Yes. To the collateral of a CDO</p> <p>24 squared, which were -- the underlying were ABS, yes,</p> <p>25 I do recall discussions. I don't remember any</p>	<p>1 Quintin - March 13, 2012</p> <p>2 testimony where you said there was a discussion</p> <p>3 during this time period about short positions on</p> <p>4 collateral and CDO squareds.</p> <p>5 A. Yes.</p> <p>6 Q. Based on those conversations, what, if</p> <p>7 anything, did you do to try to implement that plan?</p> <p>8 MR. AUFSES: Objection.</p> <p>9 MR. DOOLEY: Objection. Misstates the</p> <p>10 testimony.</p> <p>11 Q. Let me go back. As a result of those</p> <p>12 discussions, was there any decision or plan made to</p> <p>13 attempt to take short positions on collateral in CDO</p> <p>14 squareds?</p> <p>15 MR. DOOLEY: Objection to the form.</p> <p>16 A. Could you ask me one more time.</p> <p>17 Q. Sure. As a result of the discussions</p> <p>18 you talked about in the transcript in your</p> <p>19 investigative testimony, did you take any action --</p> <p>20 strike that.</p> <p>21 As a result of the discussions</p> <p>22 referenced in the transcript of the investigative</p> <p>23 testimony, was there any plan established for</p> <p>24 Citigroup to attempt to take short positions in</p> <p>25 collateral and CDO squareds?</p>
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<p>1 Quintin - March 13, 2012</p> <p>2 specific discussions, but yes.</p> <p>3 Q. And do you recall who those discussions</p> <p>4 were with?</p> <p>5 A. Various members of the CDO business.</p> <p>6 Q. Did that include Mr. Dominguez?</p> <p>7 A. I believe so.</p> <p>8 Q. Did it include anyone from the</p> <p>9 structuring desk?</p> <p>10 A. I believe so.</p> <p>11 Q. Did it include anyone from the syndicate</p> <p>12 desk?</p> <p>13 A. I believe so.</p> <p>14 Q. Now, you can set that aside. Thank you.</p> <p>15 A. Okay.</p> <p>16 Q. Based on those discussions, did you ever</p> <p>17 take any action, to your recollection, to attempt to</p> <p>18 establish short positions on the collateral on CDO</p> <p>19 squareds?</p> <p>20 MR. DOOLEY: Object to the form.</p> <p>21 A. The desk had been a buyer of protection</p> <p>22 on the ABS CDO tranches from a variety of sources,</p> <p>23 deals managers, what have you.</p> <p>24 Is that your question?</p> <p>25 Q. My question was you just saw your</p>	<p>1 Quintin - March 13, 2012</p> <p>2 MR. DOOLEY: Objection to the form.</p> <p>3 A. I think we had general discussions about</p> <p>4 the secondary desk playing a role acting as a</p> <p>5 synthetic counterparty for the collateral, some of</p> <p>6 the collateral of some of those transactions.</p> <p>7 Q. And did that include taking any short</p> <p>8 position in the CDO squareds assets in the CDO</p> <p>9 squared?</p> <p>10 A. In some of them, yes.</p> <p>11 Q. And did that include taking a naked</p> <p>12 short position on the collateral or assets in the CDO</p> <p>13 squared?</p> <p>14 MR. DOOLEY: Objection to the form.</p> <p>15 A. Yes, I believe so.</p> <p>16 Q. And as a result of that, did you do</p> <p>17 anything to attempt to have the secondary desk</p> <p>18 actually take action to obtain the short positions on</p> <p>19 the assets in the CDO squareds?</p> <p>20 MR. DOOLEY: Objection to the form.</p> <p>21 A. I mean, we were -- the trading desk was</p> <p>22 in a constant dialogue with the various managers to</p> <p>23 source protection for, you know, the interest we were</p> <p>24 seeing in the market.</p> <p>25 Q. Do you recall whether or not you ever</p>

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<p>1 Quintin - March 13, 2012</p> <p>2 told the people who worked for you that there should</p> <p>3 be a priority in attempting to obtain short positions</p> <p>4 on CDO squareds --</p> <p>5 A. Excuse me, short positions on the</p> <p>6 underlying of CDO squareds?</p> <p>7 Q. Yes, I'm sorry.</p> <p>8 A. A priority? I don't know if I recall</p> <p>9 telling them it's a priority over something else, no.</p> <p>10 Q. Okay.</p> <p>11 MR. INFELISE: I'm going to ask the</p> <p>12 court reporter to mark the next document as</p> <p>13 Exhibit 644.</p> <p>14 (Exhibit 644, One-page Document, Bates</p> <p>15 numbered CITI 20837238, marked for</p> <p>16 identification, as of this date.)</p> <p>17 MR. INFELISE: And Exhibit 644 is a</p> <p>18 one-page document, Bates numbered CITI 20837238.</p> <p>19 Q. Sir, have you had a chance to look at</p> <p>20 Exhibit 644?</p> <p>21 A. I have.</p> <p>22 Q. Do you have any recollection of this</p> <p>23 document?</p> <p>24 A. I do not.</p> <p>25 Q. Do you have any reason to believe that</p>	<p>1 Quintin - March 13, 2012</p> <p>2 need anything, I think we make a full court press on</p> <p>3 protection, maybe we work with someone.</p> <p>4 Sir, does this refresh your recollection</p> <p>5 whether or not during this time period, you were</p> <p>6 attempting to have the purchase of protection a</p> <p>7 priority for the secondary trading desk?</p> <p>8 A. I think at this time, we were starting</p> <p>9 to see more interest in the -- from the market in</p> <p>10 protection. It looks like it was limited in price</p> <p>11 based on my prior e-mail saying here, the 300 handle,</p> <p>12 so my presumption is that at this time, we were</p> <p>13 probably getting some inquiry for protection.</p> <p>14 Q. All right. And when you say full court</p> <p>15 press, do you understand what your reference was?</p> <p>16 A. I can presume to guess that I'm saying</p> <p>17 we need to try to respond to these protection asks</p> <p>18 for the market.</p> <p>19 Q. Thank you.</p> <p>20 A. Yes.</p> <p>21 Q. Sir, do you recall whether or not at any</p> <p>22 time during this time period -- again, I'm talking</p> <p>23 about 2006 to 2007 time period, whether you gave any</p> <p>24 consideration to attempt to duplicate the trading</p> <p>25 strategy of Magnetar on these constellation deals?</p>
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<p>1 Quintin - March 13, 2012</p> <p>2 you did not send the e-mails on this document?</p> <p>3 A. I do not.</p> <p>4 Q. Now, the bottom one says from D. Quintin</p> <p>5 at Bloomberg.net.</p> <p>6 Sir, is that a work e-mail address used</p> <p>7 or a personal?</p> <p>8 A. Work e-mail.</p> <p>9 Q. Work e-mail.</p> <p>10 The bottom e-mail is from you to Brian</p> <p>11 Carosielli. You say I think there's -- if there's</p> <p>12 anything in BBB that we remotely like as a short, we</p> <p>13 should put it on if it is with an A 3 handle.</p> <p>14 Sir, can you tell me what the reference</p> <p>15 to an A 3 handle is.</p> <p>16 A. By reading this, I'm guessing what I</p> <p>17 mean is buying protection on BBBs in the 300 spread</p> <p>18 context.</p> <p>19 Q. With a 3 handle?</p> <p>20 A. With a 3 handle. So a BBB protection</p> <p>21 would sell in the 300s, so it would be not something</p> <p>22 that would cost more than that.</p> <p>23 Q. All right. And at the top of the page,</p> <p>24 again, it's from Donald Quintin. It looks like --</p> <p>25 well, it's the same e-mail address. It says don't</p>	<p>1 Quintin - March 13, 2012</p> <p>2 MR. DOOLEY: Objection to the form.</p> <p>3 A. Well, I'm not sure that I knew what</p> <p>4 specifically their trading strategy was.</p> <p>5 Q. Okay. Well, if I recall your testimony</p> <p>6 earlier, you said you believed at that time period,</p> <p>7 that Magnetar was -- would purchase the equity in</p> <p>8 their own CDOs and then purchase protection on its</p> <p>9 mezzanine tranche; is that accurate?</p> <p>10 A. Yes. I speculate that's probably what I</p> <p>11 believed at some point in time during the time frame.</p> <p>12 Q. Was that commonly referred to as a</p> <p>13 long/short tragedy?</p> <p>14 MR. DOOLEY: Object to the form.</p> <p>15 A. Yes.</p> <p>16 Q. Okay. Do you recall ever discussing</p> <p>17 with anyone at Citigroup about Citigroup engaging in</p> <p>18 some form of long/short strategy with respect to</p> <p>19 CDOs -- excuse me, specifically synthetic CDOs?</p> <p>20 A. Specifically? I don't remember if it</p> <p>21 was specifically about any particular type of CDO.</p> <p>22 Q. Do you recall whether or not you had any</p> <p>23 discussions with anyone at Citigroup about engaging</p> <p>24 in long/short strategy on CDOs in general?</p> <p>25 MR. DOOLEY: Objection to the form.</p>

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<p>1 Quintin - March 13, 2012</p> <p>2 A. I believe I did. I just don't recall</p> <p>3 with whom and when.</p> <p>4 MR. INFELISE: Okay. Let's -- we've got</p> <p>5 five minutes, so let's just stop here to change</p> <p>6 the tape.</p> <p>7 THE VIDEOGRAPHER: This marks the end of</p> <p>8 tape No. 2. We're going off the record at 1:14</p> <p>9 p.m.</p> <p>10 (There was a recess taken.)</p> <p>11 THE VIDEOGRAPHER: This marks the start</p> <p>12 of tape No. 3. We're back on the record at 1:32</p> <p>13 p.m.</p> <p>14 BY MR. INFELISE:</p> <p>15 Q. All right. Mr. Quintin, I'm going to</p> <p>16 show you another document.</p> <p>17 MR. INFELISE: First, I'm going to ask</p> <p>18 the court reporter to mark this as Exhibit 645.</p> <p>19 (Exhibit 645, One-page Document, Bates</p> <p>20 numbered CITI 20845582, marked for</p> <p>21 identification, as of this date.)</p> <p>22 MR. INFELISE: Exhibit 645 is a one-page</p> <p>23 document, Bates numbered CITI 20845582.</p> <p>24 A. Okay.</p> <p>25 Q. Have you had a chance to read through</p>	<p>1 Quintin - March 13, 2012</p> <p>2 MR. DOOLEY: Objection to the form.</p> <p>3 Vague and ambiguous.</p> <p>4 A. Which part of that paragraph? There is</p> <p>5 a lot going on.</p> <p>6 Q. Let's go through it, then.</p> <p>7 In the first e-mail, it says we need to</p> <p>8 get our own long/short on two CDOs from them, one</p> <p>9 with protection names, one without. I know he's a</p> <p>10 pain in the ass, but maybe we get Niblo to do the</p> <p>11 protection trades.</p> <p>12 First of all, sir, the reference to</p> <p>13 Niblo, do you know who that is?</p> <p>14 A. I'm guessing it's John Niblo.</p> <p>15 Q. And who would that be?</p> <p>16 A. He was a senior member, UBS principal</p> <p>17 finance customer of our fixed income franchise.</p> <p>18 Q. Okay. And you said but maybe we could</p> <p>19 get Niblo to do the protection trades (our long</p> <p>20 equity) with constellation, underlined, no fees for</p> <p>21 us or him; and then -- let's stop right there.</p> <p>22 Sir, do you recall whether or not you</p> <p>23 were -- Citigroup in fact did this trade that you</p> <p>24 were referring to in that portion of this sentence?</p> <p>25 MR. AUFSES: Object to the form. You</p>
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<p>1 Quintin - March 13, 2012</p> <p>2 it, Mr. Quintin?</p> <p>3 A. Yes.</p> <p>4 Q. Do you have any recollection of this</p> <p>5 document?</p> <p>6 A. I do not.</p> <p>7 Q. Do you have any reason to believe you</p> <p>8 didn't send the e-mail at the top of the page?</p> <p>9 A. I do not.</p> <p>10 Q. Now, let me ask you, sir, the reference</p> <p>11 in that e-mail from -- this is from you to Brian</p> <p>12 Carosielli, a reference to a Mikey.</p> <p>13 Do you recall, do you know who that is?</p> <p>14 A. It could be Mickey. I don't know a</p> <p>15 Mikey.</p> <p>16 Q. Okay. Do you know a Mickey?</p> <p>17 A. There's a Mickey Boccia at Citigroup</p> <p>18 that trades, you know, runs correlation trades or I</p> <p>19 believe he ran correlation trading.</p> <p>20 Q. Okay. It says here we need to get our</p> <p>21 own long/short on two CDOs for that.</p> <p>22 In reading through this e-mail, sir, do</p> <p>23 you -- well, let me ask you this; did Citigroup</p> <p>24 actually follow through on what you're suggesting</p> <p>25 here while you were still working at Citigroup?</p>	<p>1 Quintin - March 13, 2012</p> <p>2 may answer.</p> <p>3 MR. DOOLEY: Object.</p> <p>4 A. Which part, the transaction with</p> <p>5 Mr. Niblo?</p> <p>6 Q. Yes. Our long equity with constellation</p> <p>7 underlined.</p> <p>8 A. Not that I recall.</p> <p>9 Q. All right. And then you go on to say</p> <p>10 and then we do our protection on names we</p> <p>11 specifically select, including O/C I/C deals, names</p> <p>12 that trade higher -- excuse me, tighter. And maybe a</p> <p>13 few constellation at attractive levels, maybe even a</p> <p>14 president at those levels.</p> <p>15 All right, sir. With respect to that</p> <p>16 portion of this reference here, did Citigroup</p> <p>17 actually follow through on that suggestion that</p> <p>18 you've made?</p> <p>19 A. I don't believe so. I don't believe so.</p> <p>20 Q. The description you have there, talking</p> <p>21 about and then we do our protection on names we</p> <p>22 specifically select, including O/C I/C deals.</p> <p>23 Is that understanding a short or a long</p> <p>24 transaction?</p> <p>25 MR. DOOLEY: Objection to the form.</p>

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<p>1 Quintin - March 13, 2012</p> <p>2 A. It seems to indicate that we're looking</p> <p>3 to buy protection on these names, so we would be</p> <p>4 short.</p> <p>5 Q. All right. And it's your recollection,</p> <p>6 sir, that you never did in fact do a deal</p> <p>7 incorporating what you've suggested here with respect</p> <p>8 to the short?</p> <p>9 A. I'm sorry, but it's with constellation</p> <p>10 names, no fees for us. We're doing protection names</p> <p>11 on names we selected. I don't believe so.</p> <p>12 Q. All right. All right, sir.</p> <p>13 At the beginning of your deposition, I</p> <p>14 asked you if you recalled a CDO known as Class V III.</p> <p>15 Sir, do you recall what, if any,</p> <p>16 involvement you had on the secondary desk in the</p> <p>17 Class V III CDO?</p> <p>18 MR. DOOLEY: Objection to the form.</p> <p>19 Vague, ambiguous.</p> <p>20 A. As best I recall, the secondary trading</p> <p>21 desk was a counterparty to the Class V III</p> <p>22 transaction on certain of the synthetic collateral</p> <p>23 that ultimately was in the transaction.</p> <p>24 Q. Now, when you say they were a</p> <p>25 counterparty with respect to specific assets,</p>	<p>1 Quintin - March 13, 2012</p> <p>2 about composition, I believe.</p> <p>3 Q. Do you recall any details in that</p> <p>4 transaction?</p> <p>5 MR. DOOLEY: Objection to form.</p> <p>6 A. I recall -- yes, I recall some details.</p> <p>7 Q. Do you recall if there was an asset</p> <p>8 manager for the Class V III?</p> <p>9 A. Yes.</p> <p>10 Q. Do you recall who it was?</p> <p>11 A. CSAC.</p> <p>12 Q. Again, that's Credit Suisse?</p> <p>13 A. Credit Suisse Alternative Capital.</p> <p>14 Q. All right. Do you recall when you first</p> <p>15 became involved in the Class V III CDO?</p> <p>16 MR. DOOLEY: Objection to form, vague,</p> <p>17 ambiguous.</p> <p>18 A. I do not.</p> <p>19 Q. Again, I think you said that you recall</p> <p>20 having some discussions with individuals in the</p> <p>21 structuring desk concerning the Class V III.</p> <p>22 Do you recall what the nature of those</p> <p>23 discussions were?</p> <p>24 MR. DOOLEY: Objection to form, vague</p> <p>25 and ambiguous.</p>
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<p>1 Quintin - March 13, 2012</p> <p>2 specific assets that were part of the collateral, are</p> <p>3 you referring to their -- your position as the</p> <p>4 initial swap counterparty in those assets or some</p> <p>5 other status?</p> <p>6 MR. DOOLEY: Objection to the form.</p> <p>7 A. I believe we were the derivative's</p> <p>8 intermediary for all of the synthetic collateral.</p> <p>9 Q. Okay. Was that a standard practice for</p> <p>10 Citigroup, to stand between the CDO and the street as</p> <p>11 the initial swap counterparty?</p> <p>12 A. I believe it was pretty typical to act</p> <p>13 as intermediary on these synthetics.</p> <p>14 Q. Do you recall whether or not you had any</p> <p>15 discussions with anyone on the structuring desk</p> <p>16 concerning the Class V III CDO?</p> <p>17 MR. DOOLEY: Objection to the form.</p> <p>18 A. I don't recall the specific discussions,</p> <p>19 but yes, generally there were discussions.</p> <p>20 Q. And do you recall whether or not those</p> <p>21 discussions included the discussions concerning the</p> <p>22 composition of the collateral for the Class V III</p> <p>23 CDO?</p> <p>24 MR. DOOLEY: Objection to the form.</p> <p>25 A. I think there was some early discussions</p>	<p>1 Quintin - March 13, 2012</p> <p>2 A. I don't. I think they were general</p> <p>3 discussions about collateral.</p> <p>4 Q. Do you recall whether any of those</p> <p>5 discussions or communications involved</p> <p>6 recommendations as to what collaterals should be</p> <p>7 included in the Class V III?</p> <p>8 MR. DOOLEY: Objection to the form.</p> <p>9 Asked and answered.</p> <p>10 A. I'm sorry, just to understand your</p> <p>11 question, was there a discussion between the trading</p> <p>12 desk and the -- or between me and the structuring</p> <p>13 desk about recommendations for what collateral should</p> <p>14 go into the deal; is that your question?</p> <p>15 Q. Yes.</p> <p>16 A. I don't recall that. I don't recall</p> <p>17 that part, no.</p> <p>18 Q. Okay. Mr. Quintin, I'm going to show</p> <p>19 you a document that was previously marked as Exhibit</p> <p>20 333.</p> <p>21 MR. INFELISE: It's a single page</p> <p>22 document Bates numbered CITI 18122071.</p> <p>23 A. Okay.</p> <p>24 Q. And this appears to be an e-mail dated</p> <p>25 October 23rd, 2006 from Donald Quintin to Brian</p>

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<p>1 Quintin - March 13, 2012</p> <p>2 Stoker and another individual named -- I believe it's</p> <p>3 Ilias Islamov.</p> <p>4 A. Yes, sir.</p> <p>5 Q. Do you have any recollection of this</p> <p>6 document?</p> <p>7 A. I do not.</p> <p>8 Q. Do you have any reason to believe that</p> <p>9 you didn't send this e-mail?</p> <p>10 A. No.</p> <p>11 Q. All right. The e-mail contains a list</p> <p>12 of names.</p> <p>13 Do you have any recollection of -- well,</p> <p>14 let me ask you first, do those names correspond to</p> <p>15 specific CDOs?</p> <p>16 A. Yes.</p> <p>17 Q. All right. Do you have any recollection</p> <p>18 why you sent this to Mr. Stoker?</p> <p>19 MR. DOOLEY: Objection, vague.</p> <p>20 A. I don't recall. I could speculate.</p> <p>21 Q. Sir, do you know if this list related to</p> <p>22 the contemplated Class V III Funding -- excuse me,</p> <p>23 Class V III CDO?</p> <p>24 MR. AUFSES: Object to the form. You</p> <p>25 may answer.</p>	<p>1 Quintin - March 13, 2012</p> <p>2 A. For a synthetic transaction, yes, it</p> <p>3 could be.</p> <p>4 Q. All right. Thank you, sir.</p> <p>5 Going back to Exhibit 333, do you have</p> <p>6 any recollection of whether or not you had any</p> <p>7 discussions with Mr. Stoker concerning why he wanted</p> <p>8 to purchase the protection on those 21 names?</p> <p>9 MR. DOOLEY: Objection to the form.</p> <p>10 A. Do I remember why -- I'm sorry, why I</p> <p>11 was -- could you, please.</p> <p>12 Q. Sure. My question was do you recall</p> <p>13 whether or not you had any discussion with Mr. Stoker</p> <p>14 concerning why it was that you were suggesting</p> <p>15 purchasing protection on those 21 names?</p> <p>16 MR. DOOLEY: Objection to the form.</p> <p>17 A. I'm not sure -- I'm not sure I had the</p> <p>18 conversation with Stoker specifically on why we were</p> <p>19 interested in these specific names.</p> <p>20 Q. Did you have any discussion with</p> <p>21 Mr. Stoker concerning your interest to purchase</p> <p>22 protection on any specific names?</p> <p>23 MR. DOOLEY: Objection to the form.</p> <p>24 Vague and ambiguous.</p> <p>25 A. Do I recall any specific conversations</p>
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<p>1 Quintin - March 13, 2012</p> <p>2 A. I don't know if it was for Class V III</p> <p>3 specifically.</p> <p>4 Q. Do you know if it was for any specific</p> <p>5 CDO?</p> <p>6 A. No.</p> <p>7 Q. Would there be any other reason why you</p> <p>8 would send this list to Mr. Stoker other than for</p> <p>9 purposes of identifying assets for inclusion in the</p> <p>10 CDO?</p> <p>11 MR. DOOLEY: Objection to the form.</p> <p>12 Mischaracterizes the document.</p> <p>13 A. Yes.</p> <p>14 Q. And what would that be?</p> <p>15 A. I could be sending them a list of --</p> <p>16 hypothetical assets for looking at general</p> <p>17 structures -- first, structures for -- generally</p> <p>18 speaking, for different -- for more general</p> <p>19 structures as opposed to for a specific deal.</p> <p>20 Q. All right. And when it says here is a</p> <p>21 first cut of names, we buy protection from the CDO on</p> <p>22 these names.</p> <p>23 Was that the -- as you said, a potential</p> <p>24 general structure for a deal?</p> <p>25 MR. DOOLEY: Objection to the form.</p>	<p>1 Quintin - March 13, 2012</p> <p>2 with Mr. Stoker about?</p> <p>3 Q. Why you wanted to purchase protection on</p> <p>4 any CDO names. Because I understood your answer to</p> <p>5 be that you don't recall discussion with Mr. Stoker</p> <p>6 why you wanted to purchase protection on these</p> <p>7 specific names.</p> <p>8 Was that your answer?</p> <p>9 A. Yeah. I don't remember specific</p> <p>10 conversation about discussing, you know, why we</p> <p>11 wanted to buy protection on these names, no.</p> <p>12 Q. All right. And having said that, do you</p> <p>13 recall any conversation with Mr. Stoker concerning</p> <p>14 why he would want to buy -- Citigroup would want to</p> <p>15 buy protection on any CDO names?</p> <p>16 MR. DOOLEY: Same objection to form.</p> <p>17 A. Not that I recall. Not with Mr. Stoker,</p> <p>18 not specifically that I recall, no.</p> <p>19 Q. All right. Mr. Quintin, I'm going to</p> <p>20 show you what was previously marked as Exhibit 322.</p> <p>21 MR. INFELISE: Exhibit 322 is a two-page</p> <p>22 document, Bates numbered CITI 18132791, 792.</p> <p>23 A. Okay.</p> <p>24 Q. All right. Sir, have you had a chance</p> <p>25 to look at Exhibit 322?</p>

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<p>1 Quintin - March 13, 2012</p> <p>2 to an asset manager that it would buy protection on a</p> <p>3 specific set of assets in a CDO that Citigroup was</p> <p>4 underwriting?</p> <p>5 MR. DOOLEY: Objection to the form.</p> <p>6 A. I believe so.</p> <p>7 Q. And which CDO was that, sir?</p> <p>8 A. I mean, to my recollection, we had</p> <p>9 bought protection on assets included in various CDOs</p> <p>10 that had been underwritten originated by Citigroup in</p> <p>11 the past.</p> <p>12 Q. And was that, on those occasions, was it</p> <p>13 a situation in which those assets in which Citigroup</p> <p>14 purchased the protection were specific assets</p> <p>15 Citigroup recommended including in the CDO?</p> <p>16 A. No.</p> <p>17 MR. DOOLEY: I'm sorry, objection to the</p> <p>18 form.</p> <p>19 A. I don't think we ever recommended -- I</p> <p>20 mean, if it was a position that we -- was cash assets</p> <p>21 that we owned, we'd be showing it to them as an</p> <p>22 offering on the secondary desk. And if it was a</p> <p>23 synthetic, we may show it to them as part of our</p> <p>24 offerings, our offering sheet and inventory of risk.</p> <p>25 Or if we understood the manager may have interest in</p>	<p>1 Quintin - March 13, 2012</p> <p>2 MR. INFELISE: Exhibit 373 is a</p> <p>3 multi-page document, Bates numbered CITI</p> <p>4 18178869 through 81.</p> <p>5 A. Okay.</p> <p>6 Q. All right, sir. Have you had a chance</p> <p>7 to look at Exhibit 373?</p> <p>8 A. Yes.</p> <p>9 Q. Do you have any recollection of</p> <p>10 previously seeing this document?</p> <p>11 A. No.</p> <p>12 Q. All right. The bottom e-mail is from a</p> <p>13 Mehrish Troszczynski.</p> <p>14 A. I think that's right.</p> <p>15 MR. INFELISE: It's</p> <p>16 T-R-O-S-Z-C-Z-Y-N-S-K-I.</p> <p>17 Q. To Donald Quintin with a copy to Brian</p> <p>18 Stoker.</p> <p>19 Mr. Quintin, do you have any reason to</p> <p>20 believe you didn't receive that e-mail?</p> <p>21 A. No.</p> <p>22 Q. And the e-mail above that is from</p> <p>23 Mr. Stoker to several individuals, including Donald</p> <p>24 Quintin.</p> <p>25 And Mr. Quintin, do you have any reason</p>
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<p>1 Quintin - March 13, 2012</p> <p>2 selling protection, I'm going long risk on a</p> <p>3 particular asset, we may approach the manager through</p> <p>4 the salesperson and say look, I understand you're</p> <p>5 looking to buy this risk, it's, you know, something</p> <p>6 we'd be willing to buy protection on in selling you</p> <p>7 the risk.</p> <p>8 Q. All right.</p> <p>9 Let me ask you this, do you recall</p> <p>10 whether or not prior to the Class V III there was</p> <p>11 ever an occasion when Citigroup took a naked short</p> <p>12 position on a number of assets in a portfolio at the</p> <p>13 inception of the deal?</p> <p>14 MR. DOOLEY: Objection to the form,</p> <p>15 vague and ambiguous.</p> <p>16 A. Not that I recall.</p> <p>17 Q. Okay. Now, looking at Exhibit 336, do</p> <p>18 you recall whether or not you had any further</p> <p>19 discussions with Mr. Stoker about the structuring of</p> <p>20 a CDO squared of CSAC?</p> <p>21 MR. DOOLEY: Objection to the form.</p> <p>22 A. Discussions about the structuring? I</p> <p>23 don't think so.</p> <p>24 Q. I'm going to show you what's been</p> <p>25 previously marked as Exhibit 373.</p>	<p>1 Quintin - March 13, 2012</p> <p>2 to believe you didn't receive this e-mail?</p> <p>3 A. No.</p> <p>4 Q. And the subject is CSAC CDO squared.</p> <p>5 You'll see in the first sentence,</p> <p>6 Mr. Stoker says this assumes all single A CDOs, but</p> <p>7 I'd recommend more BBBs. BBBs. Triple Bs. I'm</p> <p>8 thinking the president/constellation deals should be</p> <p>9 single A and the rest should be BBB.</p> <p>10 Sir, do you have any understanding why</p> <p>11 Mr. Stoker was recommending that president or</p> <p>12 constellation deals be included in this proposed CDO?</p> <p>13 MR. DOOLEY: Objection, mischaracterizes</p> <p>14 the document. That's not what the document</p> <p>15 says.</p> <p>16 Q. Do you, sir?</p> <p>17 A. I don't know what he was thinking.</p> <p>18 Q. Did you have -- do you recall having any</p> <p>19 further discussions with Mr. Stoker after receiving</p> <p>20 this e-mail?</p> <p>21 A. I don't recall. I might have. I don't</p> <p>22 recall.</p> <p>23 Q. Do you recall whether or not as part of</p> <p>24 the process of rapping up the CSAC CDO squared, there</p> <p>25 were discussions between the secondary trading desk</p>

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<p>1 Quintin - March 13, 2012</p> <p>2 and structuring concerning the composition of the</p> <p>3 assets for this CDO?</p> <p>4 MR. DOOLEY: Objection to the form.</p> <p>5 Vague and ambiguous.</p> <p>6 A. I'm not sure. At which point in time?</p> <p>7 Can you say that again.</p> <p>8 Q. We're looking in November of 2006.</p> <p>9 A. Yes.</p> <p>10 Q. All right. And specifically in this</p> <p>11 time frame, November to December of 2006, do you</p> <p>12 recall any discussions on that topic?</p> <p>13 MR. DOOLEY: Jeff, can you be clear on</p> <p>14 what topic.</p> <p>15 MR. INFELISE: The same topic that was</p> <p>16 the subject of the previous question.</p> <p>17 Q. Do you understand it?</p> <p>18 A. Yes.</p> <p>19 Q. Okay.</p> <p>20 MR. DOOLEY: I'm sorry, objection to</p> <p>21 form.</p> <p>22 A. I don't remember -- I don't remember</p> <p>23 myself having conversations, but you know, I'm sure</p> <p>24 we did in about this time. We were looking at</p> <p>25 different structures, different collateral pools, so</p>	<p>1 Quintin - March 13, 2012</p> <p>2 A. I have.</p> <p>3 Q. I note that you are not either a sender</p> <p>4 or recipient of this e-mail.</p> <p>5 Sir, do you recall whether you ever saw</p> <p>6 this e-mail in or about December 21st of 2006?</p> <p>7 A. I don't recall seeing it.</p> <p>8 Q. Do you recall whether or not you</p> <p>9 actually were provided any information concerning the</p> <p>10 e-mail from Mr. Bhatt to Mr. Khan with the list of</p> <p>11 CDOs dated December 21st, 2006?</p> <p>12 A. All I recall was that Samir had sent</p> <p>13 Sohail a list of names that, you know, he was</p> <p>14 interested in.</p> <p>15 Q. And let me correct this. It appears</p> <p>16 that the first e-mail at the top says from</p> <p>17 Sohail Kahn to D. Quintin, Brian Carosielli and</p> <p>18 Shalabh Mehrish, Brian Stoker.</p> <p>19 So sir, you did receive a copy of this</p> <p>20 e-mail?</p> <p>21 A. Yes.</p> <p>22 Q. I'm sorry. And do you recall seeing</p> <p>23 this, though?</p> <p>24 A. No.</p> <p>25 Q. Do you recall having any discussions</p>
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<p>1 Quintin - March 13, 2012</p> <p>2 it's very likely we could have.</p> <p>3 Q. All right. Thank you.</p> <p>4 Now, do you recall with respect to Class</p> <p>5 V III whether CSAC proposed any specific assets for</p> <p>6 possible inclusion in that CDO?</p> <p>7 MR. DOOLEY: Objection to the form.</p> <p>8 Vague, ambiguous.</p> <p>9 A. Class V III -- CSAC -- they're the ones</p> <p>10 that selected the portfolio for Class V III. I'm</p> <p>11 sorry, your question -- but your question was?</p> <p>12 Q. Well, do you recall with respect to that</p> <p>13 process, do you recall whether or not CSAC provided a</p> <p>14 proposed or candidate list of assets for inclusion in</p> <p>15 the Class V III to Citigroup?</p> <p>16 MR. DOOLEY: Same objection, vague and</p> <p>17 ambiguous.</p> <p>18 A. I think they did, yes.</p> <p>19 Q. Let me show you what's previously marked</p> <p>20 as Exhibit 375.</p> <p>21 MR. INFELISE: And Exhibit 375 is a</p> <p>22 three-page document, CITI 18233944 through 946.</p> <p>23 A. Okay.</p> <p>24 Q. All right, sir, have you had a chance to</p> <p>25 look at Exhibit 375?</p>	<p>1 Quintin - March 13, 2012</p> <p>2 with Mr. Carosielli concerning the list provided by</p> <p>3 CSAC?</p> <p>4 A. I don't remember those conversations.</p> <p>5 Q. Do you recall any conversation with</p> <p>6 Mr. Stoker concerning the list provided by CSAC?</p> <p>7 A. I don't recall those conversations</p> <p>8 either.</p> <p>9 Q. Was this a normal process -- let me ask</p> <p>10 you this, sir, in your experience prior to Class V</p> <p>11 III, was Mr. Bhatt's providing a list of numerous</p> <p>12 potential CDOs for inclusion the normal process for</p> <p>13 determining what assets would go into a CDO?</p> <p>14 MR. DOOLEY: Objection to the form.</p> <p>15 A. Again, this was a slightly different</p> <p>16 transaction, given the amount of synthetics in the</p> <p>17 deal, but I don't think it would be -- it was</p> <p>18 atypical for a manager to send us a list of names</p> <p>19 that they'd be selling protection on.</p> <p>20 Q. Do you recall ever receiving a list of</p> <p>21 this length of potential candidates for inclusion in</p> <p>22 a CDO?</p> <p>23 A. No.</p> <p>24 MR. DOOLEY: Can I just make a point on</p> <p>25 the record. I'm not sure whether Mr. Quintin</p>

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<p>1 Quintin - March 13, 2012</p> <p>2 was using the word typical or atypical in that</p> <p>3 prior answer.</p> <p>4 MR. INFELISE: I believe you said</p> <p>5 atypical, did you not?</p> <p>6 A. Can you just read what's there.</p> <p>7 (The record was read.)</p> <p>8 Q. Did you mean to say typical, sir, or</p> <p>9 atypical?</p> <p>10 MR. AUFSES: Why don't you just answer</p> <p>11 the question again, and because it's also a</p> <p>12 little complicated by the fact that you said I</p> <p>13 don't think. So there may be two negatives in</p> <p>14 there. So why don't you just start again.</p> <p>15 Do you want to hear the question again?</p> <p>16 MR. INFELISE: That probably would be</p> <p>17 best. Why don't you read back my question and</p> <p>18 the answer.</p> <p>19 (The record was read.)</p> <p>20 A. Okay. So I think -- well, I don't have</p> <p>21 to tell you what I think my response was. I can tell</p> <p>22 you what it is.</p> <p>23 MR. AUFSES: Yeah.</p> <p>24 A. This was not a typical transaction given</p> <p>25 the amount of synthetic collateral in the deal, but</p>	<p>1 Quintin - March 13, 2012</p> <p>2 included that asset, and the trading desks were</p> <p>3 particularly focused on whether or not that asset</p> <p>4 potentially presented any sort of short term risk to</p> <p>5 the firm in a warehouse.</p> <p>6 Q. The process you described where this --</p> <p>7 did that apply to synthetic assets or a synthetic</p> <p>8 CDO? Excuse me.</p> <p>9 A. I don't know if it was the same method,</p> <p>10 but the best I can recall, syndicate and banking</p> <p>11 would have to know what assets were potentially going</p> <p>12 into the deal in order to make sure that there were</p> <p>13 particular investor concerns. The syndicate would</p> <p>14 make sure that they would voice them or if there were</p> <p>15 particular issues that could arise from the structure</p> <p>16 due to over concentration in assets, for example,</p> <p>17 things like that.</p> <p>18 Q. All right. With respect to the</p> <p>19 synthetic CDO, there were no -- Citigroup wouldn't</p> <p>20 have to actually purchase an asset, would it --</p> <p>21 MR. DOOLEY: Objection to form.</p> <p>22 Q. -- for inclusion in a warehouse?</p> <p>23 A. No. They would -- there would be a risk</p> <p>24 position, but not necessarily a purchase, if you</p> <p>25 will.</p>
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<p>1 Quintin - March 13, 2012</p> <p>2 it wouldn't be unusual to have received from a</p> <p>3 manager names that they would be interested in</p> <p>4 potentially selling protection on in a deal.</p> <p>5 Is that more clear?</p> <p>6 Q. Sir, during this process of putting</p> <p>7 together the assets or selecting assets for a CDO,</p> <p>8 did Citigroup have any type of veto power over what</p> <p>9 assets would be included?</p> <p>10 MR. DOOLEY: Objection to the form.</p> <p>11 A. There were -- there was typically veto</p> <p>12 power -- certain veto abilities within the</p> <p>13 warehousing phase for deals that were ramping up,</p> <p>14 yes.</p> <p>15 Q. Could you explain what you mean by that.</p> <p>16 A. Sure. The veto would typically reside</p> <p>17 with three different parties; the structuring desk or</p> <p>18 the banking business, the syndicate desk, and</p> <p>19 whatever trading desk traded that particular asset</p> <p>20 that a manager had selected for inclusion in whatever</p> <p>21 deal. The structuring desk could veto an asset.</p> <p>22 Largely, for whether or not, you know, it would work</p> <p>23 or not within the structure and what they were coming</p> <p>24 up with. Syndicate was primarily focused on short</p> <p>25 term risk and potential marketing of the deal that</p>	<p>1 Quintin - March 13, 2012</p> <p>2 Q. All right. Now, with reference to</p> <p>3 Exhibit 375, the list that CSAC sent, do you recall</p> <p>4 what, if any, response Citigroup's was to this list?</p> <p>5 MR. DOOLEY: Objection to the form.</p> <p>6 A. I'm guessing the next step was</p> <p>7 discussions about what names our desk would,</p> <p>8 secondary desk, would be willing to be a counterparty</p> <p>9 on.</p> <p>10 Q. And when you say discussions, with whom</p> <p>11 would the discussions be or between whom would the</p> <p>12 discussions be?</p> <p>13 A. With CSAC.</p> <p>14 Q. Okay. Do you recall whether or not you</p> <p>15 had any input into what specific assets you,</p> <p>16 Citigroup, would be willing to purchase protection on</p> <p>17 in Class V III?</p> <p>18 A. Could you just define input. I mean,</p> <p>19 the direct dialogue or --</p> <p>20 Q. Well, let's start with that.</p> <p>21 Did you have any direct dialogue, to</p> <p>22 your recollection?</p> <p>23 A. With?</p> <p>24 Q. CSAC.</p> <p>25 A. I don't believe so.</p>

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<p>1 Quintin - March 13, 2012</p> <p>2 A. Yeah, I mean, we -- just as a general</p> <p>3 practice, the trading desk did try to discuss</p> <p>4 different trades that were going on with each other,</p> <p>5 so you know, I don't think anyone -- I don't know if</p> <p>6 it was a standard practice, per se, but you know, it</p> <p>7 wouldn't necessarily be unusual for him to ask me if</p> <p>8 I have any objections.</p> <p>9 Q. Do you recall under what situations he</p> <p>10 would ask for you to see if you had any objections?</p> <p>11 A. I don't think this was the only time.</p> <p>12 Q. Were there any specific type of</p> <p>13 situations when he would seek -- see if you had any</p> <p>14 objections to the list that he -- of candidate assets</p> <p>15 for inclusion in the CDO?</p> <p>16 A. No, not that I could think of.</p> <p>17 Q. Okay. Sir, with respect to that list,</p> <p>18 again, Exhibit 327, do you recall whether or not you</p> <p>19 had any discussions with anyone on the structuring</p> <p>20 desk concerning the list that was put together by</p> <p>21 Mr. Carosielli?</p> <p>22 MR. DOOLEY: Objection to the form.</p> <p>23 Vague and ambiguous.</p> <p>24 A. No, I don't recall that, no.</p> <p>25 Q. Would that have been a standard</p>	<p>1 Quintin - March 13, 2012</p> <p>2 Citigroup's position -- excuse me, if that did occur,</p> <p>3 if in fact they rejected the list, would there be any</p> <p>4 difference in -- with respect to Citigroup's risk</p> <p>5 position on that CDO?</p> <p>6 MR. DOOLEY: Objection to the form.</p> <p>7 Vague and ambiguous. Are you referring to this</p> <p>8 list in 327?</p> <p>9 MR. INFELISE: Yeah. That's all I've</p> <p>10 been talking about.</p> <p>11 A. I'm not sure. It's hard to know what</p> <p>12 the deal would have looked like or what kind of risk</p> <p>13 syndicate would have been left with and so on.</p> <p>14 Q. Sir, with respect to the list -- just a</p> <p>15 second.</p> <p>16 Sir, with respect to the list on Exhibit</p> <p>17 327, was that a list of assets that Citigroup</p> <p>18 indicated would be agreed about purchasing protection</p> <p>19 on?</p> <p>20 A. That's how I read it. It says that,</p> <p>21 yes.</p> <p>22 Q. All right. And if in fact Citigroup did</p> <p>23 purchase protection on those assets, would its</p> <p>24 position with respect to its role as a counterparty</p> <p>25 be different than its normal role as the initial swap</p>
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<p>1 Quintin - March 13, 2012</p> <p>2 practice, to actually discuss with the structuring</p> <p>3 desk what assets that the secondary desk was</p> <p>4 recommending or suggesting for inclusion in the CDO?</p> <p>5 MR. AUFSES: Object to the form.</p> <p>6 MR. DOOLEY: Objection to form.</p> <p>7 Mischaracterizes the document.</p> <p>8 A. I really don't know. We hadn't done</p> <p>9 many ABS CDO squared synthetics at that point. It</p> <p>10 was something -- relatively new effort.</p> <p>11 Q. Well, let me ask you this; prior to the</p> <p>12 Class V III, how many of the ABS CDO squared had you</p> <p>13 done?</p> <p>14 A. I think this was our first.</p> <p>15 Q. This was the first one?</p> <p>16 A. I believe so, yes.</p> <p>17 Q. Okay. Sir, going back again to Exhibit</p> <p>18 327, if CSAC had rejected the list of assets that</p> <p>19 Mr. Carosielli put together, was it still possible</p> <p>20 for Citigroup to actually agree to underwrite that</p> <p>21 CDO?</p> <p>22 MR. DOOLEY: Objection to the form.</p> <p>23 A. Yes.</p> <p>24 Q. All right. And if that occurred, would</p> <p>25 there have been any difference with respect to</p>	<p>1 Quintin - March 13, 2012</p> <p>2 counterparty in a synthetic CDO?</p> <p>3 MR. DOOLEY: Objection to the form.</p> <p>4 A. It's likely we would still have been an</p> <p>5 initial swap counterparty.</p> <p>6 Q. Was -- if Citi took a naked short</p> <p>7 position by buying protection on those assets, was</p> <p>8 its position different from its position as just an</p> <p>9 initial swap counterparty on all the other assets?</p> <p>10 MR. DOOLEY: Objection to the form.</p> <p>11 A. And by position being different, you</p> <p>12 mean position in terms of the risk, of the exposure</p> <p>13 or --</p> <p>14 Q. Any of the above.</p> <p>15 MR. DOOLEY: Objection to the form.</p> <p>16 A. If we transacted in any manner other</p> <p>17 than we did, it could have altered the exposures or</p> <p>18 risks that we had, depending on what we ended up --</p> <p>19 what role we ended up serving.</p> <p>20 Q. Okay. Sir, if you could look at your</p> <p>21 transcript. I think it's Exhibit 638, and I direct</p> <p>22 your attention to page -- I guess it starts at the</p> <p>23 bottom of page 45, line 11, through to page 48, and</p> <p>24 line 3. And just take a few moments, if you would,</p> <p>25 to read through that.</p>

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<p>1 Quintin - March 13, 2012</p> <p>2 A. 45, line?</p> <p>3 Q. 11.</p> <p>4 MR. DOOLEY: All the way to 48, 3?</p> <p>5 MR. INFELISE: Yes.</p> <p>6 Q. You can read as much as you want, sir.</p> <p>7 Let me know when you're finished.</p> <p>8 A. Okay.</p> <p>9 Q. All right. And my specific question is</p> <p>10 as I'm looking at page 47, again, line 11, the</p> <p>11 question there, and then your answer; and sir, could</p> <p>12 you explain what you meant when you say -- and I'm</p> <p>13 not referring to our role as a synthetic counterparty</p> <p>14 to the transaction.</p> <p>15 Question: As in this counterparty?</p> <p>16 Answer: As the intermediary, yes. I'm</p> <p>17 not referring to that.</p> <p>18 Question: Okay.</p> <p>19 Like I say, that's a separate specified</p> <p>20 role. I'm saying there are other transactions where</p> <p>21 we played a much, much smaller role in the</p> <p>22 collateral.</p> <p>23 Sir, were you -- at this point, were you</p> <p>24 making a distinction between Citigroup's role as a</p> <p>25 purchaser of protection on the 25 assets versus its</p>	<p>1 Quintin - March 13, 2012</p> <p>2 MR. DOOLEY: Objection to form.</p> <p>3 A. I don't understand your question.</p> <p>4 Q. Well, as part of your -- as I</p> <p>5 understand, what this list contemplated was Citigroup</p> <p>6 actually purchasing protection on those 25 assets.</p> <p>7 Rather than saying that, could you have</p> <p>8 sent an e-mail to CSAC saying we would recommend</p> <p>9 inclusion of these 25 assets in Class V III without</p> <p>10 saying and we'll buy protection on it?</p> <p>11 MR. DOOLEY: Objection to the form.</p> <p>12 A. I mean, I'm sorry, I still don't</p> <p>13 understand exactly the question, the -- you know,</p> <p>14 what the distinction you're making. What are you --</p> <p>15 Q. Okay. Let me try it again.</p> <p>16 A. Yeah.</p> <p>17 Q. Could you have just recommended that</p> <p>18 CSAC include these 25 assets in Class V III without</p> <p>19 committing to purchase the protection on those</p> <p>20 assets?</p> <p>21 MR. DOOLEY: Objection to the form.</p> <p>22 A. If we did that, I don't think -- I don't</p> <p>23 think it would have worked.</p> <p>24 Q. Why not?</p> <p>25 A. Let me take a step back.</p>
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<p>1 Quintin - March 13, 2012</p> <p>2 other role as the initial swap counterparty for</p> <p>3 synthetic CDO?</p> <p>4 MR. DOOLEY: Objection to the form.</p> <p>5 A. I think so.</p> <p>6 Q. What is the distinction?</p> <p>7 A. I think the distinction becomes a bit</p> <p>8 blurred depending upon whether or not protection gets</p> <p>9 covered. The deals often -- the deals with synthetic</p> <p>10 collateral often required an intermediary to stand</p> <p>11 between the deal and whoever was ultimately buying</p> <p>12 protection. I think that role was necessitated by</p> <p>13 the rating agencies.</p> <p>14 Q. All right. And you're distinguishing</p> <p>15 the proposed position of Citigroup with respect to</p> <p>16 actually purchasing protection on those 25 assets</p> <p>17 with that initial swap counterparty?</p> <p>18 A. I believe in this instance, I'm making a</p> <p>19 distinction, yes.</p> <p>20 Q. All right. Let me ask you this, sir;</p> <p>21 rather than telling CSAC we were -- we're prepared to</p> <p>22 purchase protection on these 25 assets, could you</p> <p>23 just have recommended to CSAC why don't you include</p> <p>24 these 25 assets in the Class V III?</p> <p>25 MR. AUFSES: Objection to form.</p>	<p>1 Quintin - March 13, 2012</p> <p>2 The deal was going to go through its</p> <p>3 marketing phase, its pricing phase and the closing.</p> <p>4 CSAC was identifying the portfolio risk that, you</p> <p>5 know, they wanted to be the counterparty on</p> <p>6 themselves, sell protection on.</p> <p>7 For a deal to be marketed and priced and</p> <p>8 get to closing, we would have to know with</p> <p>9 certainty -- this is the best I recollect -- we would</p> <p>10 have to know with certainty who is going to be the</p> <p>11 opposite side of that, who is going to be taking that</p> <p>12 risk.</p> <p>13 Q. Do you recall whether or not there were</p> <p>14 any CDOs where what you did or what Citigroup did was</p> <p>15 just do that, just recommend we would recommend you</p> <p>16 include these assets in the CDO without purchasing</p> <p>17 protection on them?</p> <p>18 A. I don't remember -- no, I don't remember</p> <p>19 that.</p> <p>20 Q. Okay. Now, do you know, sir, whether or</p> <p>21 not in putting together the list in Exhibit 327, was</p> <p>22 there any consideration given to what was happening</p> <p>23 with respect to sub prime mortgages at that time?</p> <p>24 MR. DOOLEY: Objection to the form.</p> <p>25 A. I don't know. I don't recall that.</p>

35 (Pages 134 to 137)

Donald Quintin

March 13, 2012

New York, NY

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<p>1 Quintin - March 13, 2012</p> <p>2 Yeah, I believe there was attention paid to -- in</p> <p>3 early discussions, and I don't know what criteria</p> <p>4 Brian used and how he went about working with Samir</p> <p>5 on that, but we were cognizant of the market for</p> <p>6 protection and where it would potentially go with</p> <p>7 this risk if we ended up owning it.</p> <p>8 Q. At the time that this list was forwarded</p> <p>9 on January 8th, do you recall whether or not you had</p> <p>10 any information concerning whether there was a higher</p> <p>11 rate of default on sub prime mortgages?</p> <p>12 MR. DOOLEY: Objection to the form.</p> <p>13 A. I don't recall if we had, you know, any</p> <p>14 kind of specific or unique information at that time.</p> <p>15 MR. INFELISE: I ask the court reporter</p> <p>16 to mark the next exhibit as Exhibit 646.</p> <p>17 (Exhibit 646, E-Mail String, marked for</p> <p>18 identification, as of this date.)</p> <p>19 Q. Have you had a chance to look at that,</p> <p>20 Mr. Quintin?</p> <p>21 A. I have.</p> <p>22 Q. Do you recall this -- do you recall ever</p> <p>23 seeing this document?</p> <p>24 A. No.</p> <p>25 Q. The top e-mail says it's from Brian</p>	<p>1 Quintin - March 13, 2012</p> <p>2 A. The spread widening would be typically</p> <p>3 commensurate with -- I think in most instances,</p> <p>4 spread widening is commensurate with a decline in</p> <p>5 price.</p> <p>6 Q. And is that the price at which you can</p> <p>7 purchase the asset or the price -- well, I guess it's</p> <p>8 the price at which you could sell it or purchase it.</p> <p>9 A. Yeah, but I don't know in which sense</p> <p>10 he's referring to here because if it's a purely</p> <p>11 synthetic index, for instance, there may not be a</p> <p>12 concept of price. It may be just a spread. So...</p> <p>13 Q. And do you have any recollection of</p> <p>14 having a discussion with Mr. Carosielli on or about</p> <p>15 January 5th concerning this e-mail from Mr. Aldama?</p> <p>16 A. Not that I remember, no.</p> <p>17 Q. Sir, I'm going to show you what's</p> <p>18 previously marked as Exhibit 513A.</p> <p>19 MR. INFELISE: Exhibit 513A is a</p> <p>20 two-page document, Bates numbered CS CLV 1223251</p> <p>21 and 52.</p> <p>22 A. Okay.</p> <p>23 Q. Sir, have you had a chance to look at</p> <p>24 Exhibit 513A?</p> <p>25 A. Yes.</p>
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<p>1 Quintin - March 13, 2012</p> <p>2 Carosielli to you.</p> <p>3 Do you have any reason to believe you</p> <p>4 didn't receive this e-mail on January 5, 2007?</p> <p>5 A. No.</p> <p>6 Q. The e-mail below that is from a Jaime</p> <p>7 Aldana.</p> <p>8 Do you know who that is?</p> <p>9 A. Yes.</p> <p>10 Q. Who is that?</p> <p>11 A. Jaime is someone who worked on the ABC</p> <p>12 correlation desk at Citigroup.</p> <p>13 Q. All right. And in his e-mail to</p> <p>14 Mr. Carosielli, in the -- it looks like the fifth</p> <p>15 line, it starts here apparently spreads pushed</p> <p>16 outwards as sub prime suffers high delinquencies in</p> <p>17 year end approach.</p> <p>18 What does it mean when he says that</p> <p>19 spreads pushed outwards, or if you understand that,</p> <p>20 sir?</p> <p>21 A. In this instance, I think he is saying</p> <p>22 the spreads widened. Yeah.</p> <p>23 Q. Okay. And I'm always confused. What</p> <p>24 docs that mean when spreads widcn on a specific</p> <p>25 asset?</p>	<p>1 Quintin - March 13, 2012</p> <p>2 Q. And do you recall whether you've ever</p> <p>3 seen this exhibit or this document before?</p> <p>4 A. No.</p> <p>5 Q. Now, the bottom e-mail on the first page</p> <p>6 starts with Mr. Carosielli to Sohail Kahn. And the</p> <p>7 top e-mail is from Mr. Samir Bhatt to Sohail Kahn,</p> <p>8 January 8th, 2007.</p> <p>9 Do you recall whether or not you were</p> <p>10 ever informed by Mr. Khan or anyone else at Citigroup</p> <p>11 that -- concerning Mr. Bhatt's response?</p> <p>12 A. Mr. Bhatt's response?</p> <p>13 Q. Yeah. I'm sorry. The e-mail from</p> <p>14 Mr. Bhatt at the top of the page.</p> <p>15 A. Yes, sir.</p> <p>16 Q. At January 8th, do you recall ever being</p> <p>17 informed by Mr. Khan or anybody else at Citigroup</p> <p>18 that they had received that e-mail from Mr. Bhatt?</p> <p>19 A. No. Not specifically, no.</p> <p>20 Q. Now, in the middle e-mail from Mr. Khan</p> <p>21 to Mr. Bhatt, the second paragraph says if we can get</p> <p>22 this done, we're pretty much done on 50 percent of</p> <p>23 the portfolio, 250 MM off the bat.</p> <p>24 Is that 250 million?</p> <p>25 A. Yes.</p>

36 (Pages 138 to 141)

EXHIBIT 12

Page 1

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

In the Matter of:

)

Citigroup, Inc.

) File No. HO-10740

Amended 10/22/2010

WITNESS: David Salz

PAGES: 1 through 169

PLACE: Securities and Exchange Commission

3 World Financial Center

New York, New York 10281

DATE: Monday, June 28, 2010

The above-entitled matter came on for hearing,
pursuant to notice, at 9:42 a.m.

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1 portfolios and then you just expanded on that to say that
2 some of it was to facilitate hedge fund shorting. Were these
3 managed portfolios? Was there a collateral manager
4 associated with these portfolios?

5 A In some situations, yes. That was how you can
6 define which portfolio managers you might want to work with
7 or avoid, but a fair number of them were Bespoke also. What
8 I was describing was the general market. There weren't a lot
9 of Bespoke transactions prior to that, prior to the synthetic
10 contract, so this was - it's an evolution in the market so
11 to speak and then more opportunities that were out there.

12 Q David, can you define what you mean by a Bespoke
13 transaction?

14 A A Bespoke transaction is generally a static pool
15 that's brought by a dealer. It may have someone who selected
16 collateral associated with it, but it's a static pool and
17 there's basically a AAA class, AA class all the way down to
18 BBB.

19 Q Was your investment decision different with respect
20 to Bespoke transactions?

21 A We didn't participate in them.

22 Q Why is that?

23 A I wasn't very fond, and the other underwriter
24 wasn't very fond of static transactions, in part because if
25 there was any deterioration it was very difficult to trade

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1 out of that position. Also, a lot of those were dealer
2 transactions and we like the discipline of having the third
3 party manager who we could diligence, see how they went
4 through the collateral, have someone else to talk to when
5 things in transaction did not work as well, and to work with
6 - as well as, you know, we felt we were building a
7 structural aspect into the transaction that created some
8 tension with the manager to help them perform.

9 Q When you evaluated an opportunity, was the
10 motivation for the opportunity relevant for you?

11 A Yes.

12 Q When I say motivation, I mean the motivation of the
13 various parties that are involved?

14 A Yes, it was, it was something that you typically
15 put into the underwriting statement.

16 Q What do you mean statement, I'm sorry, is that the
17 memo that you prepared?

18 A The memo, yes.

19 Q How would you prior to understand the motivation
20 for the transaction?

21 A You would talk to your counter party, try to
22 understand that. Talk to the manager, see what they knew and
23 where they were - how they were trying to put the
24 transaction together. The CDO market evolved in, you know,
25 managers having certain views or certain approaches to the

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1 market, and hopefully were complimentary to their skill
2 sense. So a lot of it focused on the manager, technically
3 the way the market was supposed to work was the manager had a
4 certain view, wanted to build up assets. The underwriter
5 said I think that's a salable view, a salable portfolio and
6 we would be comfortable with that portfolio. So that the
7 underwriter would open a warehouse and take some principle
8 risk at that time and we would work to understand what the
9 manager was trying to achieve and why. We would ask the same
10 questions if they were doing synthetics too and where they
11 were at.

12 Q As you started to see more synthetic deals, did
13 your understanding of the motivations of the parties change?

14 A Motivations were different. We were always aware
15 that we were always concerned what could the street be
16 doing to hurt us. We were skeptical, we were supposed to be
17 skeptical. Yes, with synthetic deals we dug deeper in terms
18 of understanding what the motivations were, because it wasn't
19 a classic case of a CDO and for example in the Pascal
20 transaction, we queried, you know, why would RBS create such
21 a transaction. It had different reasons than for example ESP
22 in the second half of 2006.

23 Q What were the different reasons for those two
24 transactions?

25 A In Pascal it was that, and I believe that this was

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1 the case, they were able to get RBS's balance sheet on a very
2 inexpensive basis and was able to charge a lower fee on
3 holding the assets, or on the exposure. Give me a second to
4 explain this.

5 Q Sure, of course.

6 A At the end of the day the CDO arbitrage came down
7 to being able to have an adequate equity return such that you
8 could convince an equity holder to come in and put money
9 down, as well as the junior notes. So it was all about
10 assets and liabilities and trying to create some space
11 between those. The cost of capital, right, I mean if you're
12 a CDO and you fund yourself in the cash market 100 percent
13 you pay libor plus something, some spread. In the case of
14 RBS in the situation that spread the Lipor plus something
15 they were able to get less in the market, and so they were
16 using this to facilitate their banking fees and their growth
17 into the market to be competitive, so that was my
18 understanding of the incentives for them, and in addition
19 they owned 100 percent of the portfolio at the outset of the
20 transaction, which was helpful, not conclusive, but helpful.

21 Q Of the synthetic portfolio or they owned the cash
22 bonds that were referenced?

23 A They owned 100 percent of the cash bonds.

24 Q So they were -

25 A So this was a synthetic funding vehicle so to

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1 speak.

2 **Q** When you say that was helpful, what do you mean by
3 that?

4 **A** From a credit view point we knew that it was a
5 market deal that they had gone out and bought all these
6 securities, that they put it on their balance sheet and that
7 they, you know, yes, they did buy credit protection, or at
8 least 100 percent of it, but initially it is on their balance
9 sheet. It's not conclusive, because they could have sold the
10 portfolio along the way.

11 **Q** How did you know they owned?

12 **A** They told us. I think it's in the offering
13 documents.

14 **MR. SILVERSTEIN:** Just so the record is clear,
15 when you say "they?"

16 **THE WITNESS:** RBS.

17 **Q** You said that was different than the ESP deal.

18 **A** Well, the ESP deal similar theme, what was
19 happening is again, Ambac was not going to take any liquidity
20 risk. That was my charge to try to develop a structure so
21 that that was addressed. In doing so they were able to get
22 very inexpensive liquidity. In the case of ESP it was called
23 the advance swap and it was also - so running the numbers
24 and this was my understanding in talking to Citigroup, the
25 arbitrage was better than you would have in a cash deal.

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1 These were higher grade CDS on similar assets that they would
2 have put into the pool otherwise, and it was a portion of the
3 pool. So it wasn't all RMBS or CDOs and ABS, there was also
4 Bespoke corporate transactions in there too. So for that
5 reason it looked like the arbitrage was better in order to
6 generate a greater return to the equity. The equity in that
7 case was owned 100 percent by the hedge fund who was the
8 manager.

9 **Q** Which was who?

10 **A** Elliott. I'll note on that transaction we - in
11 part because of the synthetics, in part because of the pool
12 balance we required a fairly hefty subordination relative to
13 other transactions at that time.

14 **MR. FELLER:** Why don't we take a five minute
15 break. We've been going for an hour. We're off the record
16 at 10:45.

17 (Whereupon, a recess was taken.)

18 **MR. FELLER:** We are back on the record after a short
19 break during which there was no discussion of substance
20 between the staff and Mr. Salz or his counsel. Is that
21 correct?

22 **THE WITNESS:** Yes.

23 **Q** I want to move to talking specifically about the
24 deal that was ultimately known as Class V Funding III, do you
25 remember that deal?

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1 **A** I do.

2 **Q** What was the - when were you initially approached
3 about that deal?

4 **A** I believe I was approached late 2006. It may have
5 been very early in 2007.

6 **Q** By who?

7 **A** I received a phone call from Sohail Khan, K-H-A-N
8 at Citigroup.

9 **Q** Who is Mr. Khan?

10 **A** Mr. Khan was my coverage person at Citigroup.

11 **Q** He was in sales?

12 **A** He was in the sales side, yes.

13 **Q** He called you in your office?

14 **A** Yes, he did.

15 **Q** Was anyone else on the phone?

16 **A** Not at that time.

17 **Q** What was the conversation?

18 **A** The conversation initially was trying to get my
19 thoughts on working on a CDS grant and when I say my
20 thoughts, the parameters that I as a senior underwriter would
21 start to say well, things make sense to pursue a little bit
22 further. I think the conversation was regarding the
23 collateral and the rating of the collateral, whether it was
24 managed or not managed. Other things that would typically
25 come up are structural features, whether it was static or non

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1 static, whether there were cash flow triggers or not. I
2 don't remember exactly the specific items that came up, but
3 those were generally the items that we would have discussed
4 in an early conversation like that.

5 **Q** What do you recall specifically about the
6 conversation? I mean which of those things do you recall
7 discussing?

8 **A** I remember he was treating it as very confidential.
9 He kept saying, you know, this is a really important
10 transaction for us. There's an opportunity here in the
11 market. He asked - I'm pretty sure at that point he asked
12 what type of subordination we would require. I think what I
13 probably answered at that time was - well, I know I answered
14 in this regard that we had done a similar transaction which
15 was the Class V I transaction. I know that I answered at
16 that time that that was predominantly BBB, and that would
17 have gotten 50 percent subordination there. We saw no reason
18 to - that transaction structure, and that we probably would
19 not be interested in the BBB area.

20 **Q** What else?

21 **A** I believe the question of manager came up and we
22 did want a manager.

23 **Q** Did you tell them why you wanted a manager?

24 **A** I don't recall.

25 **Q** Why did you want a manager?